

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2256 - SB 2189

March 2, 2020

**SUMMARY OF ORIGINAL BILL:** Clarifies that out-of-state non-construction services providers who are temporarily working in state are excluded from workers' compensation coverage requirements

Requires construction services providers performing work in Tennessee, regardless of the amount of time in which such providers perform work in Tennessee during a year, to maintain primary workers' compensation coverage. Establishes that failing to do so is a violation, subject to a penalty issued by the Bureau of Workers' Compensation, which is the greater of \$1,000 or one and one half times the average yearly workers' compensation premium for the construction services provider.

Establishes that any penalty assessed by the Bureau of Workers' Compensation compliance unit against a construction services provider for workers' compensation coverage violations extends to any successors in interest and entitles any such successor in interest to an appeal process.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (015804):** Deletes and replaces language in the original bill without making any substantive changes to the legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Bureau of Workers' Compensation, this legislation is estimated to result in an increase in the number of construction services

providers who are required to maintain primary workers' compensation coverage with a licensed insurance provider.

- The number of employers affected by this legislation is unknown; therefore, the increase in the total gross workers' compensation insurance premium payments paid in this state cannot be determined with any reasonable certainty.
- Pursuant to Tenn. Code Ann. § 56-4-206, a tax on workers' compensation insurance premiums is 4 percent with an additional 0.4 percent on any employer who employs more than ten persons.
- Tax receipts from the 4 percent tax are allocated to the General Fund and those from the 0.4 percent tax are allocated to the Tennessee Occupational Safety and Health Act (TOSHA).
- It is assumed that any company providing construction services in this state for a temporary period maintains workers' compensation coverage in its state of primary residence; therefore, this legislation is estimated to result in no significant increase in workers' compensation insurance premium payments and as a result, no significant increase in workers' compensation insurance premium tax revenue.
- Establishes that any construction services provider, regardless of the time in the state performing the work, who fails to hold workers' compensation coverage, will be assessed penalties for noncompliance.
- The number of penalties which will be assessed against such construction providers cannot be determined, but for purposes of this fiscal analysis, is assumed to be not significant.
- This legislation may result in an increase in appeals by successors in interest who take over a business, which remains substantially the same since such transfer, which has been assessed a penalty regarding workers' compensation.
- Any additional penalty fees paid by successors in interest are assumed to be not significant.
- Any increase in the number of appeals witnessed by either the Court of Workers' Compensation Claims or the Workers' Compensation Appeals Board, is assumed to be not significant and can be handled during regularly scheduled meetings.
- Any increase in expenditures for the Bureau of Workers' Compensation to enforce the provisions provided in this legislation is estimated to be not significant.

## **IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumption for the bill as amended:

- This legislation will result in estimated to result in no significant impact to commerce or jobs in this state.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb